

Internal Revenue Service

Department of the Treasury

District
Director

P.O. Box 1680, GPO Brooklyn, N.Y. 11202

JUL 16 1984

Date:

Person to Contact:

Contact Telephone Number:

Refer Reply to:
EP/EO

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption under section 501(c)(7) of the Internal Revenue Code.

A review of your application and organizing document disclosed that your association was formed on [REDACTED]. Your purposes as stated in your By-laws and constitution are, to provide information to and contact between fans of [REDACTED].

[REDACTED] is a variety performer who is a recording artist and is also a stage performer. Your club will encourage contact between [REDACTED]'s fans by providing a quarterly newsletter, photographs, and other items.

Your annual membership fees will be collected from prospective members. The fees will be used to cover the costs of the club newsletters, photographs, postage, as well as a [REDACTED] tee shirts for each member. Any remaining monies will be used to help defray future expenses.

~~YOUR MEMBERSHIP FEES WILL BE COLLECTED FROM PROSPECTIVE MEMBERS. THE FEES WILL BE USED TO COVER THE COSTS OF THE CLUB NEWSLETTERS, PHOTOGRAPHS, POSTAGE, AS WELL AS A [REDACTED] TEE SHIRTS FOR EACH MEMBER. ANY REMAINING MONIES WILL BE USED TO HELP DEFRAY FUTURE EXPENSES.~~
[REDACTED]. A member must complete a membership form and submit a fee of \$[REDACTED] per year.

Your association consists of one officer, [REDACTED] (President) and general membership of approximately [REDACTED] members.

Section 501(c)(7) of the Internal Revenue Code provides for the exemption of "clubs organized for pleasure, recreation, and other nonprofit purposes, substantially all of the activities of which are for such purposes and no part of the net earnings may inure to the benefit of any private shareholder.

Section 1.501(c)(7)-1(a) of the Income Tax Regulations states that exemption extends to social and recreational clubs which are supported solely by membership fees, dues, and assessments.

Section 1.501(c)(7)-1(b) of the Income Tax Regulations says in part that "A club which engages in business such as making its social and recreational facilities available to the general public is not organized and operated exclusively for pleasure, recreation, and other nonprofitable purposes, and is not exempt under section 501(a). Solicitation by advertisement or otherwise for public patronage of its facilities is prima facie evidence that the club is engaged in business and is not exempt under section 501(a) for pleasure, recreation, or social purposes."

Revenue Ruling 58-589 states in part that an organization must establish that it is a club, both organized and operated exclusively for pleasure, recreation, and other nonprofitable purposes. To meet this requirement, there must be an established membership of individuals, personal contacts, and fellowship. A commingling of the members must play a material part in the life of the organization.

Based on the evidence presented we hold that the organization is not organized under a constitution or by-laws with elective officers empowered to act for it in accordance with the organizational requirements of section 501(c)(7) of the IRC. Articles of association cannot be promulgated by the act of one individual. (Hewitt v. Commissioner, T.C. Memo. 1957-112). In addition, the organization is not engaging in social activities which require a commingling of the members. Consequently you do not qualify for exemption under section 501(c)(7) of the Internal Revenue Code.

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

If you do not agree with the determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completions.

Sincerely yours,

[Redacted Signature]

District Director

Enclosure:
Publication 892